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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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INFLATION TARGETING LEGISLATION WOULD IMPROVE FED TRANSPARENCY

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WASHINGTON, D.C. – The Federal Reserve’s adoption of inflation targets would clarify monetary policy decisions and reduce uncertainty in a low inflation environment, Vice Chairman Jim Saxton said today. Saxton last week introduced legislation, H.R. 2547, to mandate use of inflation targets by the Federal Reserve.

“The Fed’s use of inflation targets would provide a framework for a better and more informed discussion of monetary policy,” Saxton said. “The future direction of Federal Reserve policy should not be conveyed by shadowy press leaks that fuel confusing media and market speculation.

“In recent weeks there has been intense debate over the likely course of monetary policy. Some are worried about the potential for deflation, others for inflation. However, without inflation targets, there are few specific criteria against which to gauge the current stance of monetary policy, and this contributes to unnecessary uncertainty.

“The adoption of inflation targets would improve the transparency and accountability of Federal Reserve monetary policy. With the likelihood of low inflation for the foreseeable future, the minimum level of permissible inflation will continue to be as relevant as its maximum permissible level. Without inflation targets, there will continue to be unnecessary speculation and uncertainty about the course of monetary policy,” Saxton concluded.

For more information and research on inflation targeting, please visit our website at www.house.gov/jec.

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